

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

XMB-02 OPIC-03 /108 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 9823

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ETRD, UK, EEC

SUBJECT: BRITISH CONCERNS REGARDING POSSIBLE US

TRADE RESTRICTIONS; SPECIALTY STEEL ESCAPE

CLAUSE DECISION

1. ROBIN GRAY, DEPUTY SECRETARY OF THE BRITISH DE-
PARTMENT OF TRADE STRESSED AT MEETING MARCH 12 WITH
THE EC MINISTER, THE SIGNIFICANCE OF THE DECISION THAT
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WILL BE TAKEN BY THE PRESIDENT IN THE SPECIALTY STEEL

ESCAPE CLAUSE CASE. GRAY SAID THAT IT WOULD BE WRONG TO LOOK AT THE CASE IN ISOLATION. THE BRITISH WOULD LOOK AT THE US ACTION MAINLY FOR WHAT IT SEEMED TO TELL THEM ABOUT FUTURE US ACTIONS. WHILE HE WAS WILLING TO ADMIT THAT THE STEEL CASE IS NOT OF OVERWHELMING INDEPENDENT SIGNIFICANCE, IT IS AN EXTREMELY "BAD" CASE IN THE SENSE THAT SAFEGUARD ACTION IS UNJUSTIFIED. IF THE US IN THIS CASE WERE TO IMPOSE IMPORT RESTRICTIONS, IT WOULD SEEM TO MEAN THAT SIMILAR ACTION COULD BE FEARED IN OTHER, PERHAPS EQUALLY "BAD" CASES. THIS WOULD INCREASE THE ALREADY HEAVY PRESSURE IN BRITAIN FOR IMPORT CONTROLS. HE HOPED THAT THE US WOULD NOT IMPOSE RESTRICTIONS OR THAT IF IT DID IT WOULD DO AS LITTLE AS POSSIBLE. BUT IF THE US WERE TO TAKE SEVERE RESTRICTIVE ACTION, HE FELT THAT THE BRITISH GOVERNMENT WOULD SUPPORT RETALIATION BY THE EC.

2. IN AN EARLIER, SEPARATE CONVERSATION, CHANCELLOR OF THE EXCHEQUER DENNIS HEALEY ALSO STRESSED THE BROADER SIGNIFICANCE OF POSSIBLE US TRADE RESTRICTIONS. HE NOTED THE STRONG PUBLIC STAND OF THE TRADES UNION CONGRESS IN FAVOR OF BRITISH IMPORT CONTROLS. SO FAR THE BRITISH GOVERNMENT IS RESISTING THESE PRESSURES. HE HIMSELF IS AGAINST SUCH CONTROLS BECAUSE THEY WOULD NOT HAVE THE STIMULATING EFFECT SEEN BY THE TUC AND BECAUSE THEY WOULD LEAD TO RETALIATION, WHICH HE THINKS A REAL THREAT, OR AT LEAST TO EMULATION. IF THE US WERE TO IMPOSE RESTRICTIONS IT WOULD UNDERMINE THE ARGUMENTS AGAINST BRITAIN'S DOING LIKEWISE.

ARMSTRONG

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